

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF CREDIT UNIONS

NEWSLETTER

Volume 6, Number 1 January 14, 2004

CREDIT UNION COMMISSION MEETS

The Credit Union Commission met January 13, 2004. Commission members in attendance were Pat Yokley, Lori Levine, Bill Humpfer, Sharon Ichord, Cathy Stroud, and John Hanneke. Others attending were, Mike Wambolt, and Linda Manlove, Attorney General's Office; Becky Kilpatrick, Regulatory Counsel, Department of Economic Development, Jack Pletz, Attorney, Jim Deutsch, Attorney, Larry Giesing, St. Louis Postal Credit Union, Barbara Scott, Midwest United Credit Union, Pat Boyer and Lela Bachman, Goetz Credit Union, Peggy Nalls, and Mike Winter, Missouri Credit Union Association; Zurett Merridith and John P. Smith, Division of Credit Unions.

The Commission reviewed the field-of-membership expansion application submitted by **Goetz Credit Union** and **Midwest United Credit Union**. More than 3,000 potential members exist within the groups. The Commission found the groups met the criteria for an exemption from the limitations on groups in 4 CSR 105-3.040.

The Commission discussed the Supreme Court decision in the Telcomm Credit Union (formerly Springfield Telephone Employees Credit Union) and heard an update on appeals to the Commission of Director's decisions for the following credit unions:

- South Community Credit Union
- Central Communications Credit Union
- Vantage Credit Union
- City Utilities Credit Union

After discussion the Commission upheld the decision of the Director approving the field of membership expansions for First Community Credit Union, Alliance Credit Union, St. Louis Postal Credit Union, United Community Credit Union and Aerospace Community Credit Union.

The Director updated the Commission on three applications by credit unions for field of membership expansions and discussed the condition of Missouri credit unions.

The Director informed the Commission that the National

Credit Union Administration has requested modifications to the revised 4 CSR 100-2.045 Member Business Loans and discussions are occurring between the two agencies.

The Director reported that the Missouri Securities Commissioner would probably revise 15 CSR 30-5.166 - to include credit unions.

The Commission established their regular meeting dates for 2004: April 13, July 22 and October 21. All meetings will begin at 10:30 AM in Jefferson City, MO.

FIELD OF MEMBERSHIP UP DATE

Springfield Telephone Employees Credit Union (now **Telcomm Credit Union**) submitted an application to include those persons who reside or work in the 417 telephone Area Code and the 573 (bordered on the north by I-70) telephone Area Code. The Director approved the expansion of **Springfield Telephone Employees Credit Union** to those in the 417 Area Code, but not the 573 Area Code. The decision was published in the November 15, 2000 Missouri Register. On November 30, 2000 the Missouri Bankers Association (MBA) and Century Bank of the Ozarks (CBO) filed an appeal of the decision to the Credit Union Commission. The Commission heard the appeal on March 29, 2001. On May 24, 2001 the Commission upheld the decision of the Director. On August 16, 2001, the decision was released and the Director filed **Springfield Telephone Employees Credit Union's** amended bylaws with the Secretary of State. On September 14, 2001, the MBA and CBO filed a petition for administrative review in Cole County Circuit Court.

On November 19, 2001, a hearing was held before Judge Tom Brown, Division 1, Circuit Court of Cole County. The motion to refer the case to another division of the court was granted and the case was referred to Judge Byron Kinder, Division 2. A motion to dismiss the case for lack of standing was heard on January 3, 2002. On January 29, 2002 the court ruled the plaintiffs lack standing to maintain causes of action set forth in their petition and ordered the plaintiffs' petition be dismissed. On March 11, 2002 the MBA and CBO filed an appeal of the decision in the Western Appellate Court of Appeals. Appellant's briefs were due June 3, 2002 with the respondent's briefs due July 3, 2002. A hearing by the Western Appellate Court was held on October 3, 2002 in Kansas City. On

January 14, 2003, the Appellate Court upheld the decision of Cole County Circuit Court. On January 14, 2003, the MBA and CBO filed motions for a rehearing and transfer to the Missouri Supreme Court. The Appellate Court on March 4, 2003 denied the motions. On April 23, 2003, the Missouri Supreme Court issued an order transferring the case to their jurisdiction. On December 9, 2003 the Court reversed the decision of the lower courts and remanded the case. The opinion can be read at <http://www.osca.state.mo.us/Courts/PubOpinions.nsf/0f87ea4ac0ad4c0186256405005d3b8e/d1c9a3590b16be4286256df6006dbc43?OpenDocument>.

South Community Credit Union submitted an application for those who work or reside in Zip Codes 63109, 63111, 63116, 63123, 63125, 63128, 63129, and Crawford County, Franklin County, Gasconade County and Washington County. **Central Communications Credit Union** submitted an application for those persons who reside or work in the 816 telephone Area Code. The Director approved the applications submitted by **South Community and Central Communications Credit Unions**. These decisions were published in the November 15, 2000 Missouri Register. On November 30, 2000 the MBA and two local banks located in each of the two applicants' field of membership expansion areas filed appeals of the decisions to the Credit Union Commission. The Commission received the record of appeals from all parties on May 24, 2001. On August 9, 2001, the Commission upheld the decisions of the Director. The written decisions were released on January 25, 2002. On February 21, 2002, the MBA and the local banks filed a petition for administrative review in Cole County Circuit Court. Both cases were assigned to Judge Tom Brown, Division 1. On April 17 the cases were reassigned to Judge Byron L. Kinder, Division 2 and a motion was entered to stay the proceedings until the outcome of the Springfield Telephone Employees case was decided. The cases can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; the case numbers are 02CV323402 and 02CV323401.

Vantage Credit Union (formerly **Educational Employees Credit Union**) submitted an application for those who live or work in St. Louis County, St. Charles County, Jefferson County, Cape Girardeau County and Franklin County. The application was published in the December 15, 2000 Missouri Register. The Director approved the application and his decision was published in the February 15, 2001 Missouri Register. On March 1, 2001 the MBA and two banks located in the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. The Commission received the record of appeal of **Educational Employees Credit Union** on October 19, 2001 and established briefing schedules. On March 5, 2002, the Commission dismissed the appeal due to lack of standing. On July 18, 2002 the MBA and the two banks

filed a Petition in Mandamus in Cole County Circuit Court. An order by Cole County District Court staying the case was entered on December 2, 2002. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 02CV324797.

City Utilities Credit Union submitted an application for community residents and workers in Greene and Christian Counties. The application was published in the June 1, 2001 Missouri Register. The Director approved the application and his decision was published in the August 1, 2001 Missouri Register. On August 14, 2001 the MBA and a local bank located within the applicant's field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On August 8, 2002 the Commission heard and denied the appeal for lack of standing. The decision was released on December 9, 2002. On January 2, 2003, MBA and the local bank filed a Petition in Mandamus in Cole County Circuit Court. The case can be followed on the internet at <http://casenet.osca.state.mo.us/casenet/>; case number 03CV323001.

First Community Credit Union submitted an application for individuals who reside or work in the counties of Lincoln, Warren, Franklin, Washington, St. Francois, Ste. Genevieve, Pike, Montgomery, Gasconade and Crawford in the state of Missouri and the City of St. Louis. The application was published in the August 1, 2002 Missouri Register. The Director approved the application and his decision was published in the September 16, 2002 Missouri Register. On September 26, 2002 the MBA and a local bank located within the field of membership expansion area filed an appeal of the decision to the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. On January 13, 2004 the Commission upheld the decision of the Director.

Alliance Credit Union submitted an application for those who work or reside in St. Charles County or St. Louis County. The application was published in the November 15, 2002 Missouri Register. The Director approved the application and his decision was published in the January 16, 2003 Missouri Register. On January 30, 2003, the MBA and Allegiant Bank filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. On January 13, 2004 the Commission upheld the decision of the Director.

St. Louis Postal Credit Union submitted an application for those who live or work in the Zip Codes 63005, 63017,

63042, 63043, 63044, 63126, 63127 and St. Charles County. The application was published in the December 2, 2002 Missouri Register. The director approved the application and his decision was published in the January 16, 2003 Missouri Register. A fifteen calendar period for appeal must occur before the decision is final. On January 30, 2003, the MBA and Midwest Bank Centre filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. On January 13, 2004 the Commission upheld the decision of the Director.

United Community Credit Union, an Illinois chartered credit union, submitted an application for those who live or work in the Missouri counties of Lewis, Ralls and Marion. The application was published in the January 2, 2003 Missouri Register. The director approved the application and his decision was published in the February 18, 2003 Missouri Register. On March 4, 2003 the MBA and the Farmers and Merchants Bank and Trust Company filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs were filed by the established date of December 5, 2003. On January 13, 2004 the Commission upheld the decision of the Director.

Aerospace Community Credit Union submitted an application for those who live or work in the remainder of St. Louis City, St. Louis County and St. Charles County that is not currently in the **Aerospace Community Credit Union's** field of membership and those who live or work in Lincoln County. The application was published in the May 1, 2003 Missouri Register. The director approved the application and his decision was published in the July 1, 2003 Missouri Register. On July 14, 2003 the MBA and the First National Bank of St. Louis filed an appeal of the Director's decision with the Credit Union Commission. On November 19, 2003 the Commission heard the appeal and accepted into evidence information provided by the parties involved. Concurrent legal briefs have been filed. Concurrent legal briefs were filed by the established date of December 5, 2003. On January 13, 2004 the Commission upheld the decision of the Director.

Edison Credit Union submitted an application for active or retired employees of Townsend Communications, LLC, United Country Real Estate, Occu-Tec, Inc., O'Dell Service, North Kansas City electric, TimberKing, Inc., Data Source, Inc., Custom Lighting Services and immediate and household of members. The application was published in the November 18, 2003 Missouri Register. The Director approved the application and his decision was published in the January 2, 2004 Missouri

Register. Fifteen calendar days must pass before the decision is final.

Sikeston Public Schools Credit Union submitted an application for employees of Scott County R-V Public Schools in Zip Code 63801, their family members and organizations of such persons. The application will be published in the January 15, 2004 Missouri Register. A ten business day period for comments must occur following publication prior to the Director's decision.

CONDITION OF CREDIT UNIONS COMPARISON REPORT

| CAMEL CODE | January 1, 2003 | | January 1, 2004 | |
|--|---|-------|-----------------|-------|
| Code 1 | 4 | 2.4% | 7 | 4.4% |
| Code 2 | 103 | 62.1% | 104 | 65.4% |
| Code 3 | 53 | 31.9% | 45 | 28.3% |
| Code 4 | 6 | 3.6% | 3 | 1.9% |
| Code 5 | 0 | - | 0 | - |
| TOTALS | 166* | | 159** | |
| * In 2002, eleven credit unions merged, one underwent voluntary liquidation. | | | | |
| Credit unions merged during year 2002: | Community CU into River Region CU, Liberty CU into Midwest United CU, I.B.E.W. CU into West Community CU, BMA CU into Central Communications CU, General American Life Insurance Company Federal CU into Educational Employees CU, ORCO Federal CU into Health Care Family CU, Heartland Federal CU into Postal & Community CU, SMW Local #36 CU into Meridian CU, WECOE CU (Kansas) into CommunityAmerica CU, BeedeeCo CU into Mazuma CU | | | |
| Credit unions liquidated during year 2002: | Boone Electric Employees CU | | | |
| **In 2003, five credit union mergers occurred. Farmland Industries into CommunityAmerica CU, Pacesetter into United Consumers CU, Tuffy into United Consumers, Mid-County Family into County CU, and St Clair County Teachers (Illinois charter) into Vantage CU | | | | |

From the Director...

New Director

On December 11, 2003 Governor Bob Holden named Public Service Commissioner Kelvin Simmons as the new Director of the Missouri Department of Economic Development. Simmons replaces Joe Driskill, who resigned December 10, 2003 after ten years as the director.

The Division of Credit Unions is one of four regulatory divisions within the Department of Economic Development. Please join me in welcoming Director Simmons.

Examination Survey

Beginning with the next examination, the credit union will

receive a survey approximately 30 days after receipt of the examination report. As part of this survey, we are interested in obtaining feedback from those who have recently received examinations of their credit union. Your feedback is important to help the Division determine how we may better perform our tasks in the future. Included in the survey is an evaluation of your most recent examination and an evaluation of the Division's performance as your regulator. Completed surveys are to be returned to Senior Financial Examiner Ken Bonnot in the Jefferson City office. Please be candid and honest in your responses. Your assistance is appreciated.

A handwritten signature in blue ink, reading "John P. Smith", followed by a vertical line.

John P. Smith, Director